Doubtful Loans of Nationalised Banks

1688. DR. GOPALRAO VITHALRAO PATIL: Will the Minister of FINANCE be pleased to state:

(a) the bad loans (doubtful) the nationalised banks are having for the years 1993-94, 1994-95 and 1995-96;

(b) how much of these bed loans are accounted for by the top 15 business houses, details for the years 1994-95, 1995-96; and

(c) what steps are being taken, measures evolved, detailed guidelines given to these banks for recovery of these loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) Reserve Bank of India (RBI) has reported that the Non-Performing Assets (NPAs) of the nationalised banks for the years 1993-94, 1994-95 and 1995-96 were as under:

Year	NPAs (Rs. in crores)
1993-94	27064.38
1994-95	25114.50
1995-96	26464.04

(b) RBI's data monitoring system does not generate information big business house-wise. However, there are 111 big borrowers having an outstanding of more than Rs. 100 crores as on 31.3.1996.

(c) RBI/Government have taken the following measures/issued the guidelines for recovery of NPAs as under:

(i) the banks should formulate a loan recovery policy with the approval of the Board of Directors of the bank.

(ii) the banks should set up 'Recovery Cells' at Head Office, and monitor recovery of NPAs closely.

(iii) the banks may enter into compromise/negotiated settlements on the merits of each case subject to various safeguards prescribed by RBI and ensure maximum recovery at minimum expenses.

(iv) debt recovery tribunals have been set up in Calcutta, Delhi, Bangalore, Ahmedabad, Chennai, Guwahati, Patna and Jaipur and an Appellate Tribunal in Mumbai to help banks in recovery of NPAs.

Annual Insurance Premium charged on various vehicles

1689. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE be pleased to state:

(a) the annual insurance premium charged on various types of vehicles;

(b) whether there has been manifold increase in this during the last few years;

(c) if so, the details thereof;

(d) how does this compare with developed countries like U.K., USA, Australia etc.;

(e) whether Government are considering measures to reduce the premium;

(f) if so, the details thereof; and

(g) if not, the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) The existing premium structure for various types of vehicles is given in the enclosed statement. (*See* below)

(b) and (c) No, Sir. There has been no revision in the premium structure since 1.4.1990.

(d) U.K., U.S.A. and Australia do not have tariff premia and individual insurance companies quote premium terms depending upon various factors. Therefore, it is not appropriate to draw a comparison with the premium rates prevailing in these countries.

(e) to (g) Premiums in respect of motor

insurance policy are fixed by the Tariff Advisory Committee (TAC) which is a statutory body under the Insurance Act, 1938. A phased revision in the premia rates on various types of vehicles is on the anvil in view of the substantial adverse claims ratio being experienced by the general insurance industry.

Statement

Existing premium rates for various type of vehicles

(In Rupees)

Description of Vehicle Category	Estimated Value	Existing Premium Rates		
		Own Damage (OD)	Third Party Liability (TP)	Total
Two Wheelers	25,000	330	40	370
Private Car—A	2,00,000	4488	160	4648
Private Car—B	2,00,000	6178	160	6338
Public Carrier	6,00,000	10150	1245	11395
Private Carrier	6,00,000	7112	996	8108
Taxi	2,00,000	4488	600	5088
Passenger vehicle	8,00,000	11750	7250	19000
Other vehicles	4,00,000	4150	120	4270

Steps to make Insurance Laws people friendly and pro-poor

1690. SHRI SUSHIL KUMAR SAMBHAJIRAO SHINDE:
SHRIMATI VEENA VERMA:
SHRI RAJUBHAI A. PARMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the report in the Blitz Weekly of January 4-10, 1997, captioned 'Insure and be insecure' revealing that victims of the forfeiture clause in the insurance policies are persons belonging to poorer and weaker sections, including women;

(b) if so, what steps are being taken to ensure that the insurance laws and its enforcement both become people friendly and pro-poor; and

(c) whether Government have decided to open insurance business to private sector including MNCs and if so, what steps are being taken to safeguard the interest of the common man, especially the weaker sections, under the new dispensation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) and (b) Yes, Sir. The forfeiture clause in the life insurance policies is generally applicable when either the premiums are not paid within the grace period or it is found that the proposal contains an untrue or incorrect statement or a material information has been withheld. These contingencies may arise in case of any policy, irrespective of the sex or economic status of the persons taking the policy. However, LIC has taken several measures to alleviate the hardship caused to the policyholders due to strict application of the forfeiture clause; such as making ex-gratia payments, subject to certain conditions, even when the policies lapse within the period of three years;